Congresswoman Louise Slaughter (NY-28) said that it is time to reform the financial system and make sure the mistakes that led to the greatest economic downturn in recent memory never happen again.

“For too long, executives on Wall Street reaped rewards by bending the rules and dodging regulation. They played Russian roulette with our future and then turned to the American taxpayer to dig them out. With Wall Street Reform, my constituents will never again be on the hook for Wall Street’s mistakes,” said Slaughter. “Eight million Americans lost their jobs, pensions fell by $28.4 billion, 2.8 million homes were foreclosed on, and trillions of dollars of savings and wealth were wiped out almost overnight. In Buffalo and Rochester unemployment is still above 8 percent. Thankfully, the Western New York economy is beginning to recover and we’re seeing signs of economic growth across the country. Now it’s Congress’ job to make sure this never happens again.”

On April 22, President Obama went to Wall Street arguing that a reform of the financial industry is necessary to build a new foundation for economic growth in the 21st century. He encouraged support for common sense reforms, like bringing transparency and accountability to financial dealings and ensuring that complicated financial transactions take place in an open marketplace. He said these changes were not only in the best interest of our country, but also in the best interest of our financial sector.

Earlier that week, Slaughter submitted a statement into the Congressional Record calling on her colleagues in the Senate to move forward on their financial reform package. The full statement submitted to the Congressional Record is included below.

In December, the House passed the Wall Street Reform and Consumer Protection Act of 2009, legislation that will end taxpayer-funded bailouts and ‘too big to fail’ financial institutions, protect consumers from predatory lending, safeguard retirement and college savings from unnecessary risks, and inject transparency and new accountability into a financial system run amok.

Slaughter’s Statement on Financial Reform Submitted to the Congressional Record

As the Senate moves closer to voting on Financial Regulatory Reform, it is necessary to remind members of Congress and the American people why this legislation is urgently needed. The global financial system was pushed to the brink of collapse in the fall of 2008 by the excessive risk taking and overleveraging of large scale banks and financial institutions. As a direct result, the U.S. economy was faced with the worst economic crisis since the Great Depression. 8 million Americans lost their jobs, pensions fell by $28.4 billion, 2.8 million homes were foreclosed on, and trillions of dollars of savings and wealth were wiped out almost overnight. Only after an unprecedented intervention by the federal government at the expense of American Taxpayers did our financial system return to stability.

The failure of Wall Street Banks to police themselves and act in the best interests of the public demonstrates the need for tough new federal regulations. The proposed financial reforms in the Senate bill will address the fundamental failures of the financial system that allowed reckless individuals and firms to threaten the collective economic security of our nation. These reforms, in short, will:

- Create a consumer financial protection agency (CFPA) to monitor consumer banking products and ensure the full and fair disclosure of every personal banking product to all Americans.
- Eliminate the possibility of future bailouts by discouraging the formation of “too big to fail” firms that pose systemic risks to the security of the financial system.
- Finally eliminate loopholes that allow complex and high risk investment vehicles such as over-the-counter derivatives and asset backed securities to escape the oversight of regulators
- Provide shareholders of banks with influence on matters relating to executive compensation
- Provide tough new rules for transparency and accountability for credit rating agencies to protect investors and businesses.
- And Enforce existing regulations and allow regulators to aggressively pursue misconduct and fraud

These regulations will help ensure that the failures of the banking system that occurred during the financial crisis of 2008 never again threaten the collective economic security of our nation.

Following on the heels of the Consumer Financial Protection Agency and efforts to ensure fair and full disclosure of financial products to all Americans, I introduced a bill with my colleague Congressman John Tierney to curb the abusive lending practices of credit card companies. H.R. 4300 the Restoring America’s Commitment to Consumers Act would:

- Create a National Credit Card Usury Rate at 16% to prevent banks from charging unreasonably high interest rates

- Limit unreasonable fees including certain “up-front” fees associated with the extension of credit, such as membership fees and annual fees under the 16 percent usury cap. All other fees not included in the cap, such as late fees or insufficient funds fees are capped at $15.00 per fee.

As the economic situation continues to be remain fragile for millions of Americans and costs continue to rise, our constituents face tough choices when determining how to allocate their monthly income. Many are forced to put everyday expenses such as their utility, grocery or medical bills on their credit cards just to make ends meet. Far from helping struggling consumers, credit card companies appear to be exploiting this debt cycle by increasing interest rates to as much as 30 percent and piling on fees. A December 2009 Associated Press story revealed a credit card interest rates as a high as 79.99% with a minimum of $256 in fees in the first year for a credit line of $250. Although the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 capped such fees at 25 percent of a card's credit line, the bill did nothing to cap unreasonably high interest rates and the 79.99% rate remained in place.

With respect to the impact of the financial crisis on the health of the economy, it should be noted that New York State has shouldered a large share of the burden. The state has lost some 112,700 non-farm jobs since March 2009 while the private sector has lost 86,500 jobs. Statewide, the seasonally adjusted jobless rate in March was 8.6 percent, compared with 8.8 percent in February, 7.8 percent a year ago and as low as 4.6 percent in October of 2007. Some 831,800 people were unemployed statewide last month. The role Wall Street played in leading to the great recession cannot be downplayed or ignored.

It should be clear that reform of the financial services industry is necessary to protect the interests of our citizens. Following a long period of economic distress and at a time when the recovery of our economy is tenuous, the reform of abusive practices within the financial industry that both caused and exacerbated the suffering of millions of Americans is desperately needed. Congress must act now to address the fundamental weaknesses of the financial system and prevent history from repeating itself.